



How Shippers Should Be Thinking About Freight in 2024



SPONSORED BY



Talon
Logistics Inc.

BROUGHT TO YOU BY

FREIGHTWAVES

Contents:

I. Overview and Executive Summary

II. Introduction and Survey Context

Industry Representation

Job Titles

Revenue Brackets

III. The Current Landscape of Shipping Choices

Prevalence of OTR Shipping

Multimodal Utilization

The Role of Intermodal Shipping

IV. What Matters Most: Key Decision Factors

Reliability and Cost Efficiency

Secondary Factors: Speed, Flexibility and Environmental Impact

V. Satisfaction and Shortcomings in Existing Logistics Partnerships

Timeliness and Customer Service

Environmental Initiatives

The Cost Factor

VI. Considering Change: Emerging Trends and Concerns

Technology and Tracking

Scalability and Track Record Concerns

The Potential for Intermodal Shipping

VII. The Single Point of Contact Strategy

Addressing Scalability and Track Record

Intermodal as a Cost-saving Measure

Environmental Benefits as a Secondary Gain

VIII. Conclusion and Recommendations

Addressing Key Pain Points and Opportunities

I. Overview and Executive Summary

It's well understood that over-the-road trucking is the bedrock of freight logistics in the U.S. More than 87% of shipper respondents to a recent survey said they moved goods that way. But the modal landscape is far from static. This survey, which focused on North American supply chains across diverse industries, revealed an intricate web of preferences, satisfaction levels and emerging concerns that should guide both shippers and logistics providers in strategic decision-making through 2024. The market will turn against shippers again, possibly next year.

The prime motivators for logistics choices are clear. Reliability stands at the front, with a score of 4.31 out of 5, and cost-efficiency trails closely at 4.18. The high prioritization of these factors indicates the nonnegotiable attributes logistics providers must deliver to retain and acquire clientele.

The results underline moderate satisfaction across categories like timeliness, customer service and communication. Cost, despite its significant role in decision-making, falls slightly behind. This gap presents a cautionary tale: Cost-efficiency must be matched with customer satisfaction for a sustainable relationship between shippers and carriers.

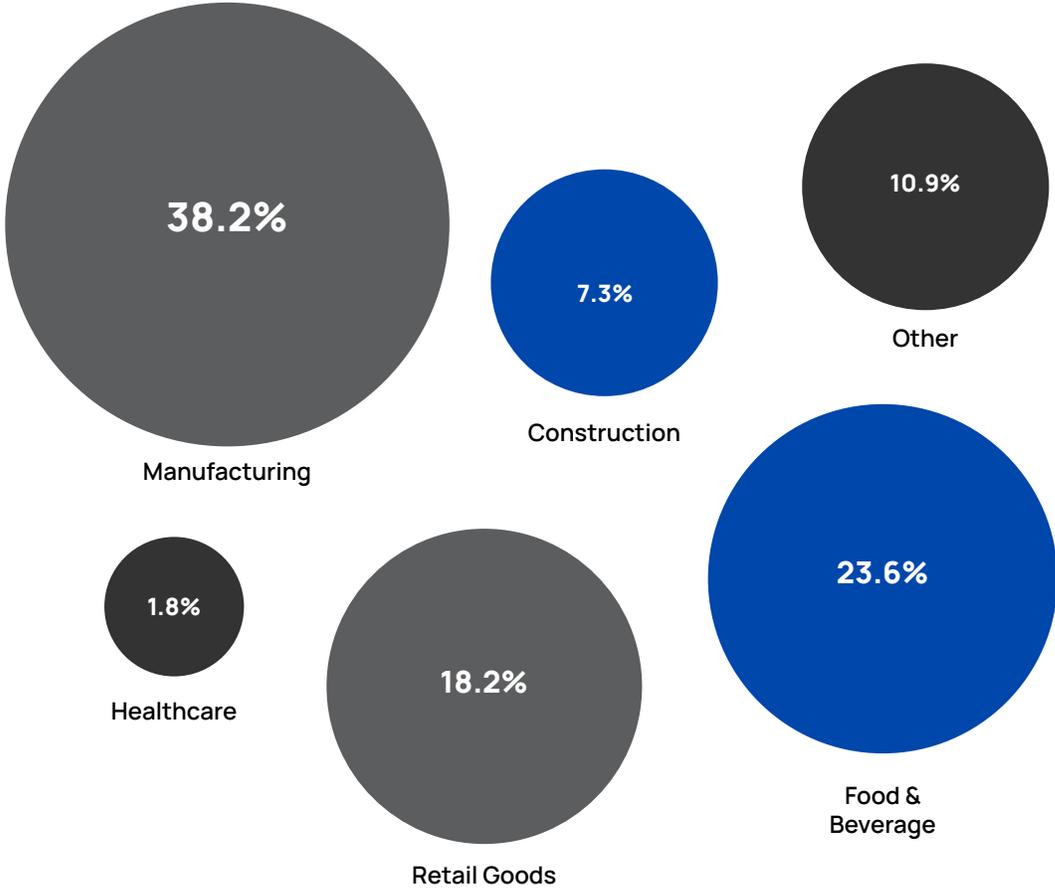
When it comes to picking carriers with less name recognition than the largest players, shippers note concerns about scalability and track record. A notable 61.82% of respondents point to these aspects as barriers to choosing newer and perhaps more innovative logistics providers. The industry appears hesitant to shift from established practices, underscoring an uphill battle for smaller providers trying to break into the market.

But the game is not zero-sum. As the industry navigates a complex matrix of needs, preferences and emerging trends, the single point of contact strategy shows promise in streamlining operations and communications. It is evident that businesses grapple with interacting with multiple carrier reps; a more consolidated approach could serve as a differentiator in provider choice.

Selecting a carrier to move a load is not often a single variable decision. Reliability and cost-efficiency often form the core, but the survey suggests others, like technology and environmental considerations, are pushing their way into the conversation. Meeting these emerging needs without losing sight of core drivers will be the balancing act that defines success in the next year's logistics sector. Eventually, the market pendulum will swing again, and shippers should be preparing for that now.

II. Introduction and Survey Context

To which industry is your organization most likely associated?



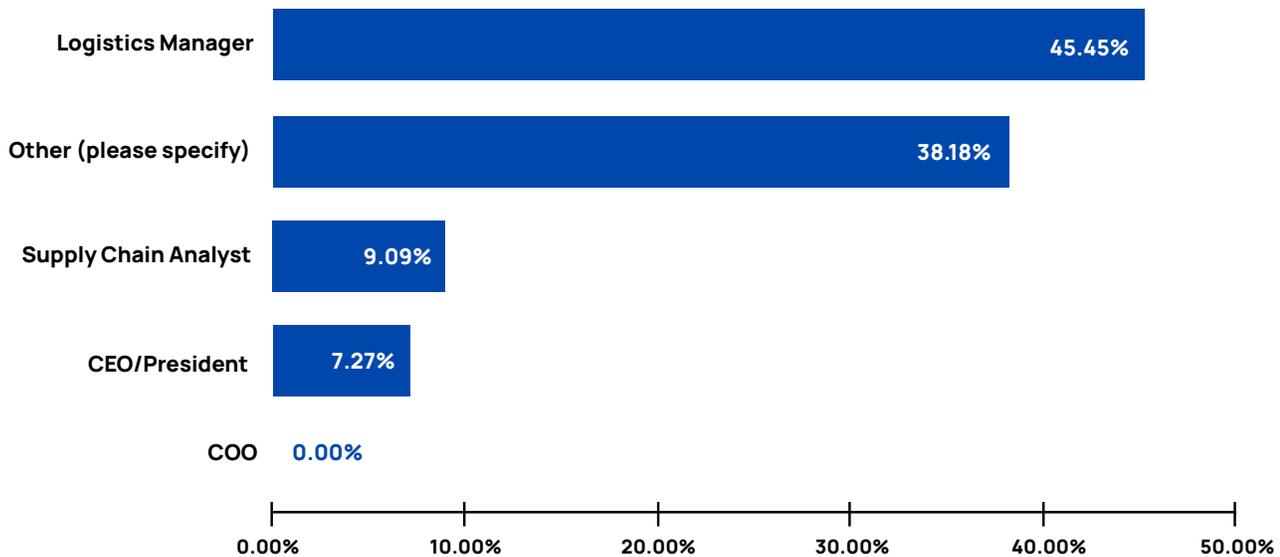
Industry Representation

Our survey results show manufacturing leading the way as the most common industry among shipper respondents, with 38.2%. Following closely, the food and beverage sector accounts for 23.6%. Retail goods, another major player, makes up 18.2%. Although these three sectors stand out, it's crucial to recognize that numerous other industries are intertwined in this ecosystem, with health care, construction and various others also being represented.

Job Titles

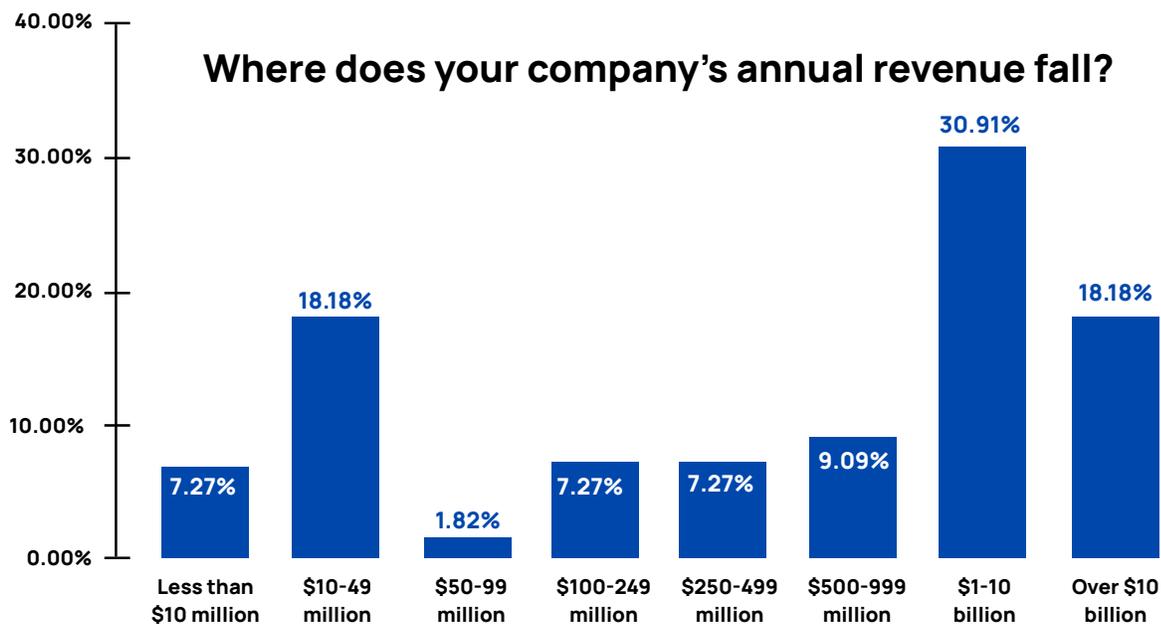
When turning our attention to the roles and responsibilities of the survey participants, 45.45% identify as logistics managers, making it the most common job title. Beyond this, 38.18% fall under the “other” category. Titles like supply chain analyst and CEO/president were also present, at 9.09% and 7.27%, respectively.

What is your job title?



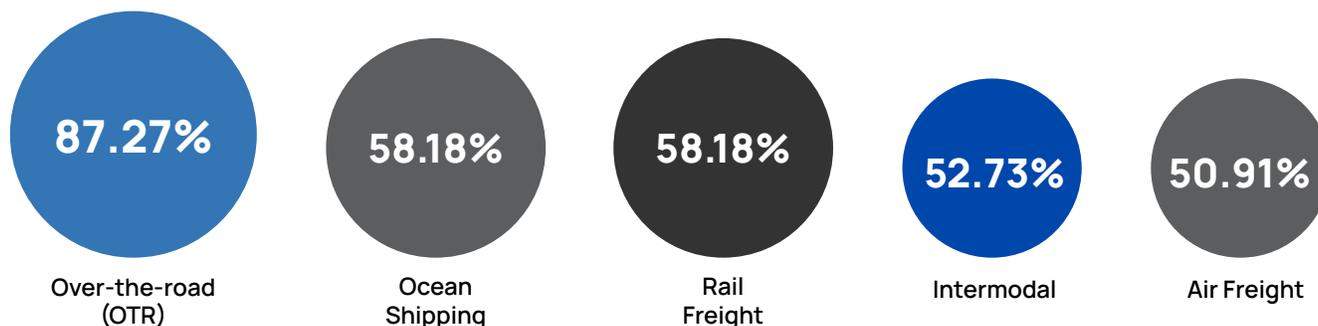
Revenue Brackets

A glance at the revenue brackets provides intriguing insights into the financial scale of the participating organizations. Companies boasting an annual revenue of \$1 billion to \$10 billion are the most represented, encompassing nearly 31%. On the opposite end, firms with less than \$10 million in annual revenue contribute 7.27%. In between, there's a fairly distributed representation across various revenue brackets. Notably, companies surpassing the \$10 billion mark in annual revenue – the industry giants – also have a noteworthy presence, at 18.18%.



III. The Current Landscape of Shipping Choices

Which types of shipping do you currently utilize in your operations? (Please select all that apply.)



Prevalence of OTR Shipping

OTR trucking continues to command a pivotal position in contemporary logistics. Its utilization by 87.27% of respondents is a testament to some intrinsic advantages. Essentially, it provides a level of immediacy and flexibility that's hard to match. Direct routes without the need for intermediaries make it an appealing choice for shipments that require faster delivery or door-to-door service. Moreover, the extensive road infrastructure across North America allows businesses to reach urban centers and remote areas alike, ensuring widespread accessibility. Such versatility often means OTR becomes the default choice for many, especially when dealing with domestic shipments.

Multimodal Utilization

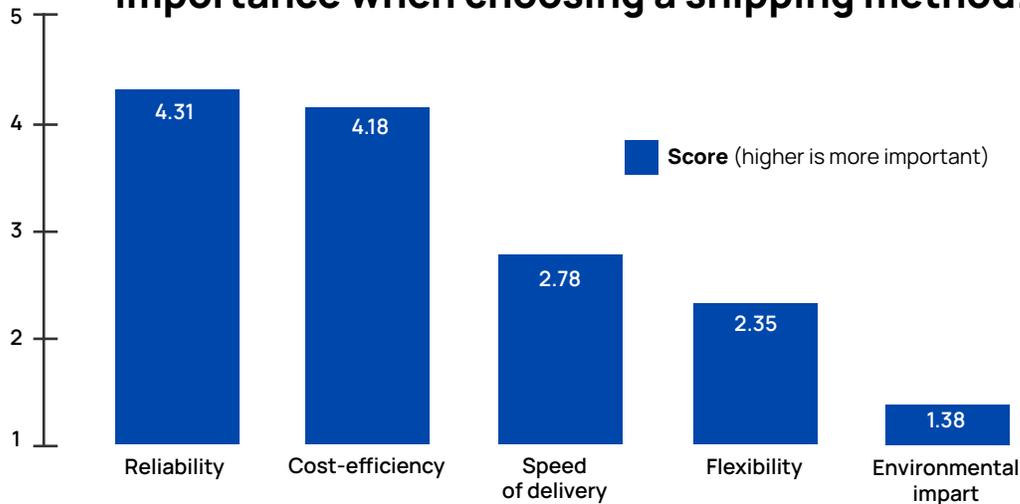
Many businesses appear to be leveraging a combination of shipping modes to optimize their logistics operations. Ocean shipping and rail freight, both reported by 58.18% of participants, underline the need for volume-based, long-distance shipping, especially for international commerce. Ocean shipping offers vast capacity, making it suitable for bulk goods, while rail freight provides an efficient method for transporting goods across continents. Airfreight, chosen by 50.91%, offers the benefit of speed, which is especially critical for perishable goods or other time-sensitive deliveries. The balanced use of these methods suggests that businesses today are aware of the strengths and weaknesses of each mode and are strategically allocating resources to achieve a balance of speed, cost and volume.

The Role of Intermodal Shipping

Intermodal shipping, a strategy that combines multiple modes of transportation for a single shipment, is utilized by 52.73% of respondents. This method offers logistical flexibility by allowing cargo to be transported by the most efficient mode for each leg of its journey. For instance, a shipment might start via rail, transition to road transport and conclude with an airfreight leg. Such versatility can optimize costs, reduce transit times and minimize environmental impact. Additionally, intermodal shipping reduces the handling of cargo, leading to fewer instances of damage or loss. Given the increasing complexity of global supply chains and heightened environmental considerations, intermodal shipping stands out as a solution that offers both efficiency and sustainability.

IV. What Matters Most: Key Decision Factors

Please rank the following factors in terms of their importance when choosing a shipping method.



Reliability and Cost Efficiency

Reliability emerges as the paramount concern for shippers with a score of 4.31. In the world of logistics, consistency is key. A reliable shipping method ensures that goods reach their destinations on time, preventing downstream disruptions in supply chains. This reliability forms the core of trust among suppliers, shippers and consumers. Late deliveries can lead to a cascade of problems, from lost sales to damaged relationships with clients.

Close on its heels is cost efficiency with a score of 4.18. In an industry often characterized by razor-thin margins, cost management is absolutely essential. For many businesses, the choice of a shipping method is a delicate balance between cost and service quality. While it's crucial to deliver goods reliably, it's equally important to do so without eroding profitability. Cost-efficient shipping methods, therefore, play a significant role in ensuring the economic sustainability of operations.

Secondary Factors: Speed, Flexibility and Environmental Impact

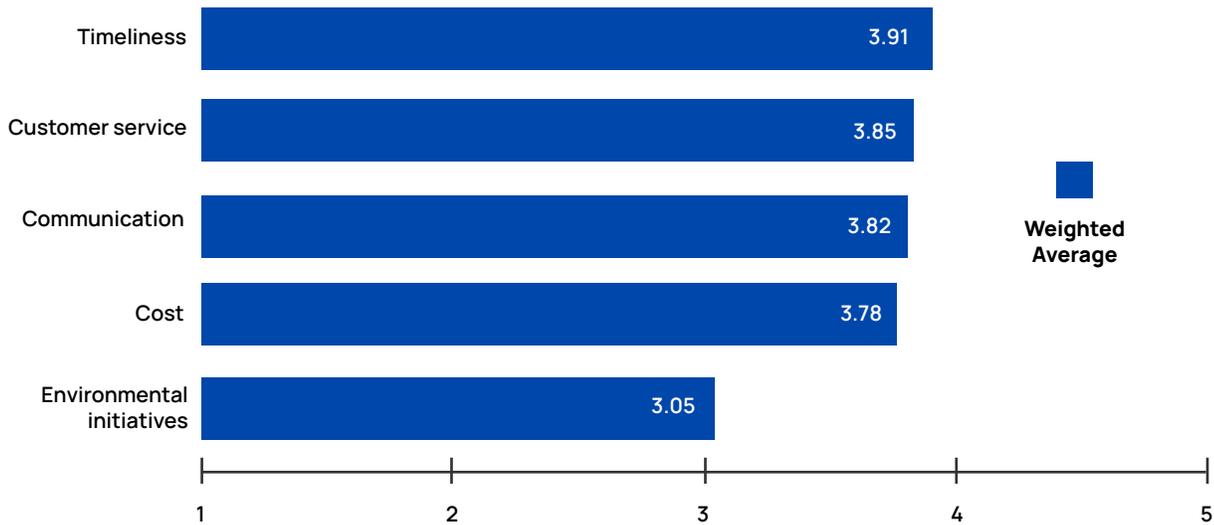
Speed of delivery, while still important, is ranked as a mid-tier concern with a score of 2.78. Though sometimes a necessity, especially in sectors like perishable goods or e-commerce, speed is often not the primary driver. Instead, many businesses might be willing to trade off speed for reliability or cost savings.

Flexibility, with a score of 2.35, indicates its importance in scenarios where standard shipping solutions might not suffice. It signifies the industry's need to cater to specific, sometimes unpredictable, demands – whether those arise from last-minute changes, special handling requirements or unique destinations.

Lastly, the environmental impact of the shipping method, while possibly gaining global traction as a consideration, remains a lesser concern in the shipping industry, evidenced by its score of 1.38. This could reflect a focus on immediate operational concerns over longer-term environmental considerations. If global emphasis on sustainability and climate change increases over time, this factor may rise in importance in future evaluations.

V. Satisfaction and Shortcomings in Existing Logistics Partnerships

How satisfied are you with the following aspects of your current logistics providers?



Timeliness and Customer Service

Timeliness, with the highest satisfaction score of 3.91, indicates that logistics providers are largely meeting expectations in delivering goods and services promptly. In the transport and logistics sector, where time can directly translate to cost savings or lost revenue, this is a significant achievement. It suggests logistics companies have honed their operations to minimize delays and disruptions, ensuring goods arrive at their destinations as scheduled.

Customer service, registering a close second with a score of 3.85, underscores the importance of human interactions in the logistics industry. Beyond the movement of goods, businesses also value a logistics partner that understands their needs, communicates effectively and responds promptly to concerns. Such a high score in this area indicates that many logistics providers are succeeding in building strong relationships with their clientele.

Environmental Initiatives

The score of 3.05 in environmental initiatives stands out as it's noticeably lower than the other categories.

This suggests a few potential scenarios. Companies might be neutral about the current green efforts of their logistics partners, viewing them as neither particularly outstanding nor lacking. Alternatively, as environmental concerns grow globally, businesses might be expecting more from their providers in terms of sustainable practices, and the current efforts might not be meeting these heightened expectations. Either way, there is clearly room for improvement, indicating a potential area of secondary focus for logistics companies aiming to bolster their reputations and appeal to eco-conscious clients. To note: This focus may not pay off for some years, or until shippers start caring more.

The Cost Factor

Cost, which is paramount when choosing a shipping method, has a slightly lower satisfaction score of 3.78.

This discrepancy could arise from several reasons. Businesses might feel that while they are getting reliable and timely service, they are paying a premium for it. There's also the age-old tension between cost and quality; while businesses desire cost-efficient solutions, they might feel that some logistics providers are compromising quality to offer competitive prices. The proximity of the scores between cost and other categories, however, suggests that while there might be concerns, they are not overwhelmingly negative. Still, the data indicates an area where logistics providers could further refine their offerings to better align with client expectations.

VI. Considering Change: Emerging Trends and Concerns

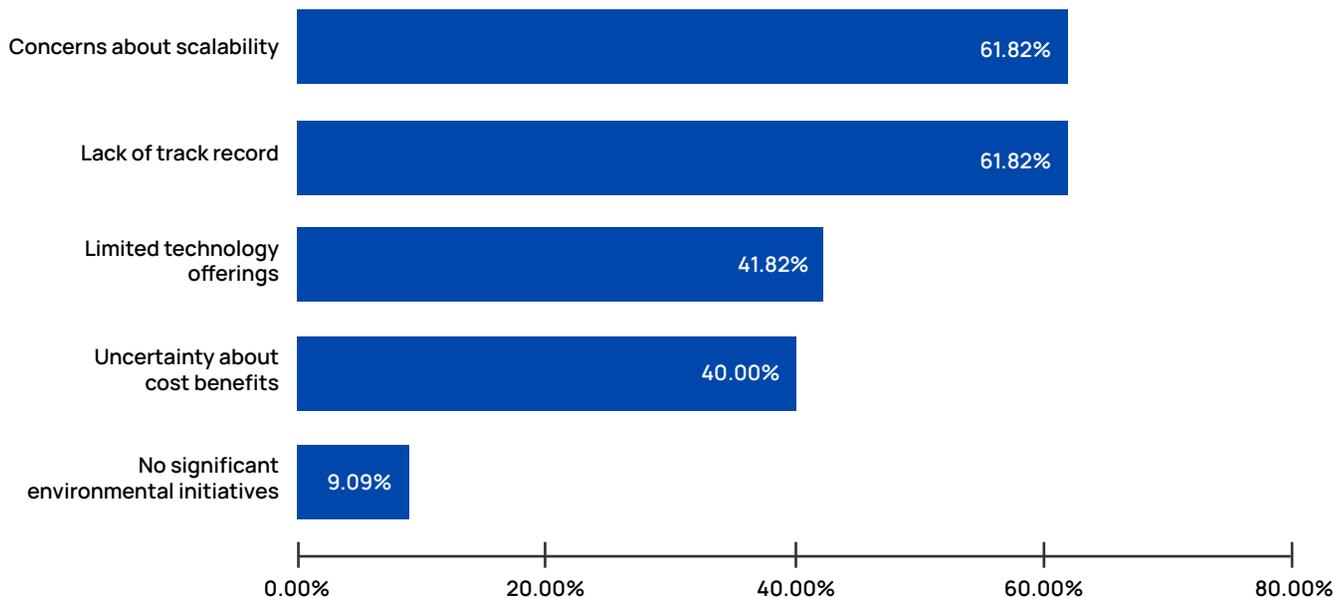


Technology and Tracking

The era of digitalization has propelled the shipping industry into an age where data accuracy and real-time information are no longer luxuries but essentials. The survey data reinforces this assertion. A notable 3.55 weighted average score suggests that integrating enhanced technology, particularly for better tracking, is on the horizon for many businesses. Such advancements not only optimize route management but also improve transparency between shippers and receivers.

However, with the rapid advancements in technology, the challenge lies in identifying the right fit for operations. Implementations are costly, and choosing the wrong solution can lead to inefficiencies. As the industry continues its digital evolution, the demand for streamlined, easy-to-integrate solutions will likely rise.

What factors would make you hesitant to switch to a smaller, more relationship-focused logistics provider? (Please select all that apply)



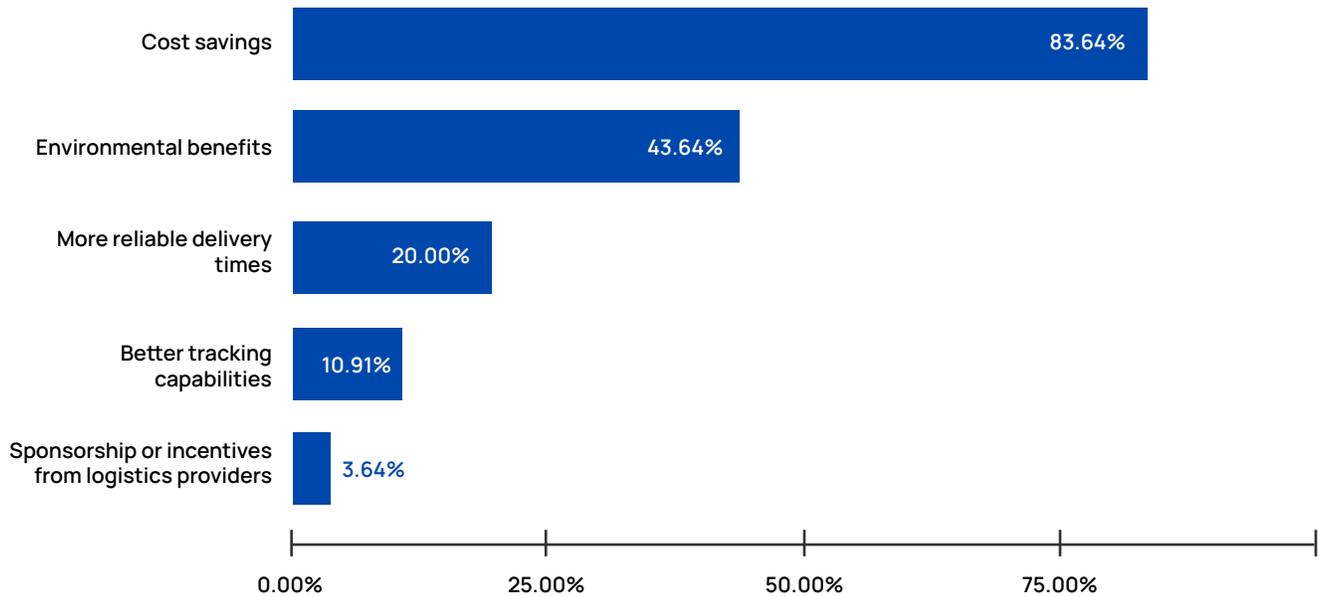
Scalability and Track Record Concerns

For businesses, change carries inherent risks. This sentiment is evident in the survey findings, where 61.82% of respondents voiced concerns about scalability and the same percentage worried about the lack of track record. Especially in logistics, where operations span vast networks and involve significant investment, the apprehension is understandable.

Smaller logistics providers face an uphill battle in this arena. While they might offer innovative solutions or personalized customer service, their scalability remains a pressing question. How can they cater to growing demands? Do they have the infrastructure to support larger operations? Equally critical is their track record. Businesses are wary of entrusting their operations to providers without a proven history of reliability and excellence.

To carve a niche for themselves, smaller providers need to address these concerns head-on. Collaborations, strategic partnerships or even transparent communication about their capabilities can be a starting point.

What are the primary reasons you would consider to intermodal shipping? (Please select all that apply)



The Potential for Intermodal Shipping

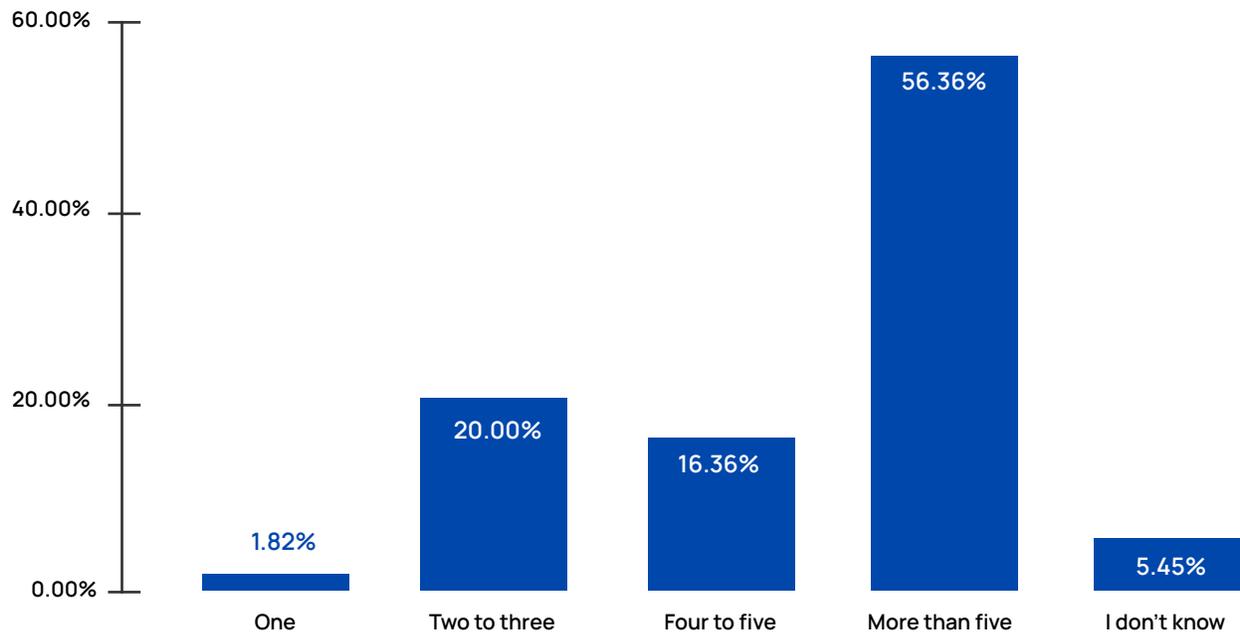
Intermodal shipping presents a compelling proposition. It combines the strengths of different transportation methods, potentially offering cost savings and environmental benefits.

The survey data reflects this potential, with a resounding 83.64% of respondents identifying cost savings as a significant driver. While environmental benefits stood out for 43.64%, it's worth noting the dichotomy. On one hand, the environmental aspect doesn't appear to be a primary focus when considering operational changes. Yet when it comes to intermodal shipping, the environment has some bearing for many.

One interpretation could be the industry's broader recognition of the environmental implications of their choices. But this acknowledgment might be influenced more by cost-effectiveness rather than pure environmental consciousness. The challenge moving forward will be to strike a balance – ensuring that as the industry leans into intermodal shipping, it does so with both economic and environmental sustainability in mind.

VII. The Single Point of Contact Strategy

How many different carrier reps do you typically interact with for your shipping needs?



Addressing Scalability and Track Record

A single point of contact (SPOC) in the context of carrier interactions can serve as a strategic approach for businesses looking to streamline communication, minimize discrepancies and foster stronger relationships with their carriers. By centralizing communication through one individual or team, organizations can ensure that the flow of information is consistent, reducing the risk of miscommunication.

Scalability: As businesses grow and their shipping requirements increase, managing numerous carrier reps can become cumbersome. A SPOC offers a scalable solution. Instead of juggling multiple contacts, businesses can channel all their communications and queries through one contact point. This not only streamlines processes but also allows the SPOC to develop a deep understanding of the business' needs, ensuring more effective and tailored solutions as the company scales.

Track Record: By establishing a strong relationship with a single carrier rep, businesses can better monitor performance metrics, response times and issue resolutions. This centralized approach makes it easier to maintain a clear track record, holding the carrier accountable and ensuring quality service. It also fosters mutual trust and understanding, enabling quicker resolutions and more proactive service from the carrier.

Intermodal as a Cost-saving Measure

Intermodal shipping has gained traction recently among businesses seeking cost-efficient solutions. The data suggests that cost savings are a primary driver for businesses considering this shipping method. By leveraging different transportation modes, businesses can optimize routes, reduce fuel costs and take advantage of competitive pricing among modes. For instance, rail transport, often used in intermodal shipping, is typically more cost-effective for long distances compared to road transport. Moreover, by diversifying their shipping methods, shippers can avoid potential bottlenecks or disruptions in one mode, ensuring timely deliveries and minimizing unexpected costs.

Environmental Benefits as a Secondary Gain

While cost savings remain a primary consideration for businesses, the environmental benefits of intermodal shipping are increasingly being recognized as a valuable secondary gain. Rail transport typically produces fewer emissions per ton-mile than road transport. By integrating rail into their shipping strategy, businesses can significantly reduce their carbon footprint. While the data indicates that environmental considerations might not be the leading reason businesses opt for intermodal shipping, it's evident that there's a growing awareness of the ecological advantages. As environmental concerns become more central to business strategies and consumer preferences, the environmental benefits of intermodal shipping will likely become an even more compelling factor in the decision-making process.

VIII. Conclusion and Recommendations

Our research showed a number of noteworthy trends and data points within the shipping industry:

Shipping Preferences: OTR shipping is overwhelmingly popular, utilized by 87.27% of participants. Other methods, including ocean, rail and intermodal, exhibit a balanced representation, indicating a flexible shipping approach by businesses.

Factors Influencing Shipping Decisions: Reliability and cost efficiency rank highest, with scores of 4.31 and 4.18 out of 5, respectively. In stark contrast, the environmental impact ranks lowest at 1.38.

Satisfaction Levels: Companies are generally satisfied with timeliness, customer service and communication from logistics providers, with scores hovering around the 3.8-3.9 out of 5 range. Environmental initiatives, though, record a noticeable dip in satisfaction.

Anticipated Changes: While businesses are contemplating some technological enhancements and switching providers, the transition toward environmentally friendly methods remains low on the priority list.

Carrier Rep Interactions: A sizable 56.36% of businesses communicate with more than five carrier representatives, suggesting a fragmented communication model.

Concerns with Smaller Providers: Scalability and track record emerge as primary concerns for 61.82% of respondents, highlighting the need for smaller providers to address these challenges.

Intermodal Shipping Perceptions: Cost savings is the predominant motivator for intermodal shipping adoption, recognized by 83.64% of participants. Interestingly, despite other results, 43.64% consider environmental benefits as an advantage of intermodal shipping.

In essence, while the shipping industry clearly prioritizes reliability and cost, there exists a nuanced understanding of other factors such as environmental impact, especially when viewed in the context of intermodal shipping. The diversified communication model and concerns with smaller providers further underscore areas requiring strategic reevaluation.

Addressing Key Pain Points and Opportunities

The challenge of managing communications with multiple carrier representatives stands out in the modern shipping landscape. The sheer volume of points of contact can lead to inefficiencies and miscommunications. One solution is adopting a SPOC strategy, ideally by partnering with a logistics service provider that emphasizes streamlined communication. This approach can offer businesses consistent and effective dialogues with their logistics partners.

Moreover, in an environment of escalating shipping expenses (which will be the case when market favor turns toward carriers again), businesses are pressed to find avenues for both saving costs and enhancing operational proficiency. Intermodal shipping emerges as a beacon in this space. Not only does it promise cost-effectiveness, but it also champions the cause of flexibility – a value-added proposition that can help to insulate a shipper from future supply chain disruptions.

And even as many in the industry continue to rank other factors above environmental considerations, sustainability's star is on the rise. The market is gradually awakening to the imperatives of ecological responsibility. For forward-thinking shippers, this shift represents an opportunity. By foregrounding their environmental initiatives, these shippers can differentiate themselves and potentially gain a competitive edge. The same goes for the carriers that provide transportation for their goods.

As the industry stands at this critical crossroads, the paths to success in 2024 are becoming clearer. Strategic communication models, investments in cost-effective solutions like intermodal shipping and a genuine commitment to sustainability can help shippers not only weather current challenges but also thrive in the evolving marketplace. It's up to them to take advantage.